



MARINE STEWARDSHIP COUNCIL

(A company limited by guarantee)

TRUSTEES' REPORT AND CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022

Registered Charity No: 1066806

Registered Company: 3322023

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TRUSTEES' REPORT AND STRATEGIC REPORT

The Trustees of The Marine Stewardship Council (MSC) present their Annual Report for the year ended 31 March 2022 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report and the Strategic Report under the 2006 Act, together with the audited financial statements for the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

INTRODUCTION

The (MSC) is a company limited by guarantee (company number 3322023) and is registered as a charity with the Charity Commission (number 1066806). The Charity is constituted through a Memorandum and Articles of Association dated 17 February 1997, as amended.

The overall objectives of the MSC as set out in the Memorandum are "to conserve the marine and freshwater environments for the benefit of the public and to advance public education in the principles and practices of conservation, particularly, but not exclusively by:

- conserving marine and freshwater fish populations and the environment on which they depend
- promoting, for the public benefit, effective management of fisheries and ensuring the sustainability of global fish stocks and the health of aquatic ecosystems generally
- establishing and promoting the application of a broad set of principles, standards and criteria for sustainable fishing".

The MSC's mission is to use its fishery certification program and eco-label to contribute to the health of the world's oceans by recognising and rewarding sustainable fishing practices, influencing the choices people make when buying seafood and working with a range of partners to transform the seafood market to a sustainable basis.

The Trustees have prepared this report in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) – effective 1st January 2015.

THE TRUSTEES' MANAGEMENT AND STRUCTURE

The MSC is governed by a Board of up to fifteen Trustees, elected by the Board, taking into account a balance amongst interested groups: fishing companies, processors and retailers, NGOs and marine (fisheries) scientists, and the need for suitable geographical representation (MSC is a global organisation). Two seats each are set aside for representatives of the fishing industry (harvesting and processing), commercial sector, and the conservation sector, as well as two seats for marine scientists. The remaining seven seats are not allocated to specific interest groups. The Articles of Association provide for ex officio positions on the Board for each of the co-chairs of the Stakeholder Advisory Council, the chair of the Technical Advisory Board, and the chair of the MSCI (see below for descriptions of these bodies). A Board Code of Conduct and Conflict and Declaration of Interest Policy is in place.

The Board receives advice from two advisory bodies that are an integral part of the MSC's governance structure. The Technical Advisory Board is made up of scientists and technical experts and provides the Board with advice on setting, reviewing and implementing the organisation's standards for sustainable fisheries and chain of custody and related issues. The Stakeholder Advisory Council comprises up to 17 members including representatives from the seafood industry, conservation community, market sector and academia. It provides advice to the Board and input into the MSC's review processes, ensuring these are representative of a wide range of views and opinions.

Many Trustees are involved in the specialist aspects of the MSC's program and work. The Board delegates some of its work to standing committees and ad hoc work groups. The Finance Committee examines periodic management accounts and recommends the budget to the Board; it also reviews the MSC's

investments and certain fundraising activities. The Development Committee's focus is to help shape fundraising strategy and identify fundraising opportunities. A Governance Committee has been established to provide advice to the MSC Board regarding governance arrangements for the Board of Trustees, Technical Advisory Board and Stakeholder Advisory Council and MSC's subsidiary companies. The Audit & Risk Committee is responsible to the MSC Board for ensuring that the MSC has in place a robust framework for financial accountability and financial control, suitably qualified external auditors, and an adequate and effective corporate risk management and assurance framework, and also that MSC is compliant with relevant financial and audit regulations. It also fulfils this function for MSC's subsidiary boards.

The range of these committees provides for robust governance and is vital to the complex and sensitive work of the organisation.

The Board seeks new Trustees through a transparent external recruitment process as vacancies arise, through open, public advertisement and formal interview of shortlisted candidates. The Governance Committee of the Board scrutinises the applications (i.e. CV and covering letter) and the outcomes of the candidates' interviews, before making a recommendation to the full Board.

Upon appointment, Trustees receive a Trustees' Induction pack, including documents such as the latest published financial statements, the Articles and Memorandum of Association, an explanation of Trustees' roles and responsibilities, the Charity Commission's guidance on public benefit and fiduciary duty etc. The Board of Trustees also adopted a Code of Conduct for all members of the Board and of other governance bodies in 2017.

MSC wholly owns a subsidiary company, Marine Stewardship Council International Limited (MSCI), which carries out its trading activities, most notably those related to logo licensing. MSC wholly owns a further three subsidiaries (MSC Ltd, MSC Asia Ltd, MSC Asia Pacific Pty) the activities of which help fulfil MSC's charitable mission in the Americas, South East Asia and Australia, New Zealand and the wider Pacific. MSCI also has a Chinese registered subsidiary, An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co (known as MSC China), the activities of which help fulfil MSC's charitable mission in China. In 2020, MSC established a non-profit General incorporated association (GIA), Ippan Shadan Hojin MSC Japan, to support its charitable mission in Japan.

The day to day operational management of the MSC is delegated by the Board to the Chief Executive Officer (CEO) and the senior executive team (collectively comprising the Executive Committee). The key management team is considered to be the Executive Committee which consists of the CEO, Chief Science & Standards Officer, Chief Operating Officer, Chief Program Officer, and Chief Communications Officer.

The remuneration of the CEO is set jointly by the Chair of the Board and the Chair of the Finance Committee, referencing appropriate market data. The remuneration of the rest of the Executive Committee is set by the CEO in consultation with the Board Executive Committee, based upon independent market data provided by a third-party consultancy.

THE CHARITY CODE OF GOVERNANCE

The MSC takes its governance responsibilities seriously and, as an international charity, aims to have a governance framework that is fit for purpose, compliant and efficient. In 2017 the new Charity Code of Governance was launched, with a recommendation that charities review their level of application and to explain any aspects of the code they were not applying. In our review, MSC carried out a detailed examination of each element of the code:

- Organisational purpose
- Leadership
- Integrity
- Decision making, risk and control
- Board effectiveness
- Equality, Diversity and Inclusion

- Openness and accountability

This review found that MSC applies the Code in all material aspects.

The principles of equality, diversity and inclusion are embedded within the MSC and its work, through the leadership of the Board. The Trustees particularly recognise the importance and value of a diverse Board, taking account of this in their Board succession planning and recruitment processes. The Board is currently evolving its approach to diversity in the context of its composition and operations.

OBJECTIVES AND ACTIVITIES

PUBLIC BENEFIT

The MSC is an international organisation which partners with the environmental, science and funder communities and the seafood industry to pursue an overall charitable purpose of the advancement of environmental improvement, using its fishery certification and eco-labelling program. It does so by recognising and rewarding sustainable fishing practices, influencing the choices people make when buying seafood and working with partners to help to transform the seafood market to a sustainable basis. The MSC believes its work delivers positive environmental impacts for the marine environment, which in turn provides a significant benefit to the public and to the local communities that depend on fishing.

The application of the MSC's certification program and eco-label empowers seafood buyers, both major retailer buyers and individual consumers, to make better and more informed choices when buying seafood. The effect is one that rewards in the marketplace those fisheries that follow responsible practices. In turn, this creates the incentives for fisheries around the world to meet the MSC's standard for environmentally responsible and sustainable fishing. In doing so they will have to demonstrate to third party certifiers that they are operating in a way that helps to ensure the long-term sustainability of the fish stocks they are targeting, and that they respect the ecosystems in which they operate. As the reach of the MSC's program expands globally, the public will, increasingly, be able to identify the best environmental choice in seafood and will be more empowered to play their role in creating a sustainable marine environment. With the marine environment under considerable threat, particularly in the face of climate change, all those that value and derive benefit from the oceans and marine resources stand to benefit from the work of the MSC.

Community groups and other sub-sets of the public that are dependent on the long-term resilience of fisheries and the resulting creation of sustainable livelihoods, in particular, stand to benefit from the realisation of the MSC's aims through increased economic development, food security and resilience in the face of climate change.

The Trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission of England and Wales. The Trustees further confirm that the activities of the Charity are carried out, in line with its objects, for the public benefit as described above.

STRATEGIC REPORT

ACHIEVEMENT AND PERFORMANCE

The expenditure for charitable activities during the current year can be viewed in Note 5 of the accounts, where the charitable activities are grouped together under four activity headings: development of policy and the maintenance of the standards, education and raising awareness of the issue of over fishing and MSC's role as one of the potential solutions, servicing fisheries and commercial partners that are already engaged in the program as well as outreach to potential new partners in developing regions and beyond, and logo licensing, which increases the transparency in the supply chain allowing consumers to choose seafood caught sustainably and so incentivise sustainability.

The past two years have been ones of enormous challenge for MSC as the world has faced both the COVID-19 pandemic and in February 2022 the Russian invasion of Ukraine. The pandemic has affected every aspect of the seafood industry in all parts of the globe, while the war in Ukraine has directly impacted supply chains sourcing Russian-caught fish. In the case of COVID-19, we are pleased that this has not resulted in any major disengagement from the MSC program – rather, fisheries, supply chain companies, retailers and consumers have maintained their commitment to sustainability and their engagement with the MSC program, as outlined below. It is still too early to know what the effects of war in Ukraine will be on the MSC program.

MSC has proven to be very adaptable over the past two years and responded to the pandemic by issuing a number of temporary changes to its requirements, known as derogations. These have enabled us to respond to the critical challenges posed by COVID-19 without having to revise our Standards or guidance documents. These derogations have permitted greater use of remote and desk-based audits, and although the same level of performance is needed, fisheries have also been given more time to carry out the required improvements associated with MSC certification. However, unlike 2020, we did see a drop in the number of assessments carried out in 2021, likely due to COVID's continuing effects.

Notwithstanding this, we continue to place particular emphasis on maintaining our strong outreach with retailers and consumers and increasing our engagement with governments and non-government organisations around key areas for change. The MSC's certification program and eco-label have made it easier for major seafood buyers and consumers to choose certified sustainable seafood, providing both a reward and an incentive for fishers to fish sustainably—our theory of change. With our many partners, the MSC continues to pursue the goal of healthy oceans and sustainable seafood markets globally.

Over the last financial year, and despite these twin exogenous shocks, the number of units of certification rose by over 10% from 859 to 950, while the total number of fisheries engaged in the program (i.e. certified or in assessment) fell slightly to 1,067 from 1,073 (i.e. an additional 117 were in full assessment this year versus 214 last year). A growing global market for MSC-certified seafood is demonstrably rewarding environmentally responsible fisheries and providing incentives for more to join the programme and make changes in their practices where necessary. At the end of the year over 51,000 (51,551) MSC labelled products (consumer facing) were on sale in over 100 countries.

Other relevant indicators of the MSC's impact and growth include:

- Over 15% of global wild caught seafood now comes from fisheries certified under the MSC Fisheries Standard (with 19% of all wild marine catch was engaged with the MSC): global collaboration has doubled sustainable MSC catch and more than tripled chain of custody commitment since 2010.
- Our presence in developing economies to see strong growth: There are now 108 MSC units of certification in developing economies (up from 73 in 2020/21 and 66 in 2019/20), with a further 24 units in assessment.
- The quantity of sold MSC labelled seafood (by product weight), has globally increased to over 1.11 million MT, well above the ISP goal of 981,788 MT by 2020 and representing an increase of 50% over the baseline of 744,920MT in 2016/17.
- Globally, stocks targeted by MSC certified fisheries continue to show sustainable levels of stock biomass and in many regions, stocks show higher biomass after MSC certification occurred.
- And in the supply chain, DNA testing results continue to show levels of mislabelling of <1% for MSC certified products.

Chain of Custody Standard

The MSC Chain of Custody (CoC) program grew again in 2021/22, albeit at a slower pace than in previous years, with the number of certificate holders rising to 5,665, up from 5,437 in 2020/21, 5,170 in 2019/20 and

4,729 in 2018/19 (and note that the baseline in 2010 was 1,099 in 2010). China overtook the United States in 2019/20 for the first time and it continued in 2021 to have the most certificate holders despite the COVID-19 pandemic, with the US still in second place and France now in third, replacing Germany. As in 2020/21, the majority of certificates are still held in Europe, but with notable growth in Asia Pacific, such as Korea and Japan, and in the category the “rest of the world,” which captures CoC mainly in developing economies.

The MSC's current CoC Standard is widely considered best in class, and our vision is to ensure that the MSC's CoC system has improved accessibility and efficiency of engagement for all levels of the supply chain which continues to ensure that key risks such as product substitution are controlled, monitored and minimised.

Fishery Standard

As of 31 March 2022, 950 units of certification in 36 countries had been certified as sustainable to the MSC Fisheries Standard, demonstrating their commitment to healthy ecosystems and the long-term sustainability of fish stocks. Another 117 units were in assessment. In addition, hundreds of fisheries around the world are engaged in Fishery Improvement Projects (FIPs). Many of these FIPs will use the MSC's benchmarking tools and other resources to guide their journey towards sustainability. In addition, MSC's own Pathways to Sustainability projects are helping move fisheries along the path towards greater sustainability and ultimately, where possible, certification as part of our commitment to work with small scale and/or fisheries in developing economies(see below).

The first iteration of the MSC Fisheries Standard, then called the MSC Principles and Criteria, was published in 1999. Since then, it has been continually developed and improved to reflect the most up-to-date understanding of internationally accepted fisheries science and best practice management, informed through consultation with stakeholders around the globe.

Every five years the MSC initiates a Fisheries Standard Review (FSR). The FSR is an opportunity to consider potential improvements to the Fisheries Standard by reviewing issues raised by stakeholders and by our own monitoring and evaluation processes, and where appropriate, to incorporate widely accepted new science or fisheries management best practice.

The latest review started in 2018 and will run until June 2022. Potential revisions continue to be developed for the Board-approved topic areas. Significant progress has been made in the project, and proposals are being subject to in-depth impact assessment. Impact assessments include input through research consultancy and pilot assessments by Conformity Assessment Bodies (CABs). We are now in the final stages of the project, with the final draft Standard due to be presented to the Technical Advisory Board and Stakeholder Advisory Council in May 2022. The MSC Board of Trustees will be asked to make a final decision on approving the standard in June 2022.

The FSR has worked to:

- incorporate improved and generally accepted global scientific understanding and fishery management practice into the Fisheries Standard
- enhance program credibility and legitimacy by reviewing issues identified in previous versions of the Standard or fisheries assessment process
- improve fisheries data collection to enable rigorous monitoring and evaluation
- increase standard applicability and accessibility for fisheries Developing Regions
- reduce Standard complexity to reduce barriers for new fisheries.

In January 2022, the MSC Board approved the draft Standard and Fisheries Certification Process (FCP) to be released for public consultation. This began on 1 February 2022 and ran until 4 April 2022 (64 days, an ISEAL requirement). Two webinars spread across different time zones were held at the start of the public consultation to present stakeholders with the outcomes of the Review to date. There were over 800 attendees at these webinars, and there has been unprecedented levels of stakeholder engagement with

the public consultation: 164 survey responses were received, plus an additional 48 letters submitted to the Executive. These submissions will help to inform the final draft Standard and FCP presented to the Technical Advisory Board, Stakeholder Advisory Council and ultimately, the Board, for consideration.

Focus on Developing Regions and Small-Scale Fisheries

MSC continued its increased focus on fisheries in developing regions in Asia, Africa and Latin America, many of them small-scale fisheries. These fisheries often have significant challenges around engagement with our program but are key to driving MSC's growth in the future. As noted above, there are at the end of 2021/22, 108 MSC units of certification in developing economies (up from 73 in 2020/21 and 66 in 2019/20), with a further 24 units in assessment.

Fisheries in developing regions are often vital to local food security, livelihoods and economic development, so it is especially critical that they are managed sustainably. Equally, many of these regions are ones that will be most affected by climate change, leading the MSC to approach this work with a sense of urgency. Small scale fisheries, especially tropical fisheries, will face critical problems in maintain sustainability as fish stocks move from their traditional geographies. The MSC worked in 2021/22 to scale our Pathways to Sustainability projects and related In Transition to MSC (ITM) program to directly help these fisheries become more sustainable and resilient.

Pathway projects seek to map the fishery space in targeted geographical regions in order to understand what is being caught, where and by whom, identify fisheries with the potential to move forward towards improvements, and then work with these fisheries to develop action plans that will lead to sustainability and eventual MSC certification. In 2021/22, we had Pathways projects in Namibia (the Benguela Current Project), in Western Africa in Senegal, Mauritania, the Ivory Coast and Cape Verde, and in the Mediterranean in France, Italy, Spain and Greece (Project MedFish/MedPath) and in the East Asia Sea (South Korea, Japan, and China).

In addition, the first fisheries from Indonesia, Mexico and South Africa that were included in the Fish for Good project, generously funded by the Dutch Postcode Lottery, moved into the ITM program, where they are eligible to receive direct funding for sustainability improvements over a 5-year time frame, as long as they continue to make progress against the MSC Fishery Standard. This support is funded through our Ocean Stewardship Fund (OSF) via the Transition Assistance Fund.

Finally, we continue to pioneer new approaches to understand and help mitigate the effects of climate change on fisheries, as well as lower the cost of certification by developing tools such as our Data-Limited Methods (DLM) project for data poor fisheries, which are often in Developing regions.

CHARITABLE FUNDRAISING

The MSC employs a professional fundraising staff of four full time employees who are tasked with delivering MSC's fundraising plan as articulated by the Board and senior management and managing our own Ocean Stewardship Fund (OSF); the MSC is registered with the UK Fundraising Regulator and voluntarily observes the UK Charity Commission's Code of best practices. This includes complying with any relevant statutory accounting and reporting requirements on fundraising. Fundraising staff at the MSC are overseen and monitored by both senior management and the Development Committee of the Board of Trustees. The MSC worked with the Swiss-based independent investment advisory company Clarmondial around fundraising for the OSF in 2021/22 as part of a grant from the Mava Foundation, but does not otherwise employ outside fundraising consultants or similar commercial services, nor did the MSC receive any complaints around fundraising, or the staff engaged in fundraising in 2021/22.

The MSC undertook no active fundraising from the general public requiring disclosure under S162A of the Charities Act 2011 in the past financial year (2021/2022) and had no campaigns or other active attempts to fundraise from the general public. The majority of MSC's charitable income continues to come from institutional sources (foundations/trusts and government bodies) that are not domiciled in the United

Kingdom (see below). While the MSC does not in the main fundraise from individuals, the organisation is in full compliance with the General Data Protection Regulation (GDPR) rules in respect of personal data.

Support from Funders

The MSC would especially like to thank our many charitable donors across the globe for the significant support they have given us since our founding. This year was no exception in the continuation of this valued support, as the MSC received significant new and generous support from both the Mava Foundation and Walton Family Foundation for our Ocean Stewardship Fund, and from the Mava Foundation specifically for our work both in the Mediterranean, western Africa and around enabling financing for fishery improvements. In addition, the David and Lucille Packard Foundation continued to support us with both a generous unrestricted grant, support for our work in Japan, and support to our Pathway Project in the East Asia Sea. We would also like to thank the Walton Family Foundation for supporting work around our FSR and projects in Indonesia, Latin America, and the United States. In addition, the MSC continues to receive generous core support from the Dutch Postcode Lottery, Triad Foundation and Holzer Family Foundation, as well as continued support from the Adessium Foundation and Leventis Foundations for our work in the Mediterranean and the Remmer Family Foundation for our work in southern Africa.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR.

Total group income in 2021/22 was £29.8 million compared to £30.1 million in the previous year. Income from charitable activities (that is, largely logo licensing royalty and annual fee revenue) amounted to 88% of total income (2020/21 85%).

Income from donations and legacies was £2.4 million in 2021/22, down 31% from the £3.46 million received in 2020/21. Note 2 to the accounts shows a further breakdown of voluntary income.

Income from charitable activities, consisting largely of royalty income and annual fees, increased overall by 2% from £25.62 million in 2020/21 to £26.13 million in 2021/22. Annual fees increased by 5% to £2.07 million (2020/21 £1.97 million). Volume royalty was stable at £23.77 million (2020/21 £23.65 million).

Income from investments of £0.74 million increased compared to the previous year (2020/21 £0.42 million). The net gains on the investment portfolio (that is, the increase in market valuation of the investments at the year-end) amounting to £0.95 million (2020/21 gain £3.21 million) are excluded from investment income and are disclosed separately on the Statement of Financial Activities as "Gains / (Losses) on fixed asset investments".

Expenditure totalled £28.67 million in 2021/22, up 5% from £27.24 million in 2020/21. While expenditure has increased year on year, the expenditure reported for 2021/22 was much lower than the level of expenditure budgeted for the year. The global lockdowns in place as a response to COVID-19 severely restricted expenditure on travel, meetings and events and some other planned activities than could not be delivered virtually. Staff costs, on the other hand, were unaffected by COVID-19 since no employees were furloughed or made redundant due to the pandemic.

Staff costs increased by 3% to £15.03 million from £14.59 million. The average number of employees in the year decreased to 251 in 2021/22 (2020/21 277).

Expenditure on raising funds for the MSC's fundraising activities was increased by 2.8% to £0.62 million (2020/21 £0.60 million).

Note 5 to these accounts provides a breakdown of costs incurred in furtherance of the Charity's objectives and shows a year-on-year increase in spend on the MSC's charitable activities of 5.3% to £28.05 million (2020/21 £26.64 million).

Governance costs increased by 21.6% to £0.7 million, the increase being driven by the extra costs incurred for developing the new integrated strategic plan. These costs also include the audit fee, the cost of holding Board meetings as well as other Board relevant costs and an allocation of relevant staff salary costs. Governance costs are only 2.4% of total MSC income, welcomely low for an organisation which is very complex and has a truly global reach.

Losses upon revaluation of foreign assets amounted to £0.15 million (2020/21 loss £0.13 million). This gain or loss arises from the revaluation of the net assets held by the MSC's overseas subsidiaries.

The MSC ended the year in a sound financial position.

The overall surplus for the year of £1.9 million increased total reserves going forward to £40.7 million. £2.38 million of this carry forward reserve are restricted funds, £2.01 million are funds designated to OSF activities and £36.33 million unrestricted. The surplus in the year on unrestricted reserves was £1.74 million.

Cash balances (including cash investments of £3.5 million) totalled £10.4 million (2020/21 £9 million).

RISK MANAGEMENT

The Trustees address from time to time the risks that face the Company and adopt responses to minimise the risks identified.

The major risks identified are:

- Global biological change (climate change) undermines the productivity and resilience of marine ecosystems, and the enabling environment for fisheries to be managed sustainably, increasing the risk of fisheries' suspension from the MSC program. This can be partially mitigated by ensuring the Fisheries Standard evolves to reflect global climate change.
- Vulnerability of the MSC's program to external events beyond its control (such as a failure of Regional Fisheries Management Organisations (RFMOs) to reach agreement on harvest control rules leading to fishery suspensions and withdrawals) reducing MSC's ability to drive change on the water. This can be partially mitigated by the maintenance of a "heatmap" to give early anticipation and identification of fishery suspension risk, the implementation of an RFMO strategy and continued outreach effort.
- Global political change and increased nationalism / trade wars presents limitations to the ability of the MSC program to scale. This can be partially mitigated by engagement with governments (EU / US / Asia) more systematically.

The Trustees review the risks regularly, and they believe that there are adequate systems in place to minimise them.

The impact of Brexit continues to be a risk, with ongoing uncertainty over the changing distribution patterns of raw material inputs into UK and European supply chains. A global perspective of the MSC highlights that much larger volumes of MSC certified fish supplies come from outside Brexit affected geographies, thus mitigating the potential downside impact of Brexit on MSC royalty income. The conclusion is that Brexit is unlikely to become an existential crisis.

MSC has been lucky so far to have travelled through the COVID-19 pandemic materially unaffected in terms of incoming resources: royalty income was robust and charitable donors were supportive in terms of any delays in project outputs arising because of the global lockdown. Certain activities, specifically those that required travel, have had to be postponed where it was impossible to complete them virtually, while the shift towards digital marketing was accelerated. More generally, the organisation moved to adapt to remote working quickly and successfully.

The war in Ukraine presents potential risks to the MSC caused by disruption to global supply chains and impacts on financial markets – it is still too early to assess the direct effect of these on the organisation, but MSC continues to monitor the situation and engage actively with supply chain partners.

The reader should note the MSC Board are in the process of reviewing how MSC identify and categorise strategic risks.

RESERVES POLICY

The Trustees believe that it is generally good practice to hold reserves to protect against funding and other financial difficulties.

The MSC raises the majority of its voluntary income from a relatively small number of supportive trusts and foundations and consequently the financial impact should a donor decide to phase out its support would be material. The MSC is striving to diversify its charitable donor base. As a result, more speculative income and more restricted income may be included in the MSC's budgets. Holding reserves ensures confidence that such target income can be given time to be nurtured without detrimentally affecting the MSC's operations.

Certified fish entering the supply chain is the fuel that facilitates the generation of ecolabel royalty income for the MSC, via its trading subsidiary MSCI. While royalty income is therefore diversified across many certified fisheries, MSC certification can be lost or withdrawn. Similarly, royalty income is dependent upon the use of the MSC's ecolabel on a pack, which is an entirely voluntary decision made by the brand owner, not the MSC. Should royalty income unexpectedly decline, it may be necessary to realign expenditure to income. Reserves are therefore held to allow time for this realignment to take place and to cover the costs of such a fundamental restructuring in the event of a major downturn.

The reserves also cover the exchange rate risk implicit in the MSC's income and expenditure patterns, as well as the risk of losses arising from liquidating fund investments that form a major part of the MSC's unrestricted reserves, in the unlikely circumstance that these investments are needed to fund day to day operational expenditure. Finally, the MSC's short term cash flow requirements (i.e., its "working capital") are also covered by reserves.

The Board has quantified the makeup of reserves against each of the above-named risks and concluded, in total, the unrestricted "free" reserve should be set between a minimum of 9 months and a maximum of 12 months of the following year's budgeted expenditure.

Should the maximum reserves ceiling be habitually exceeded (defined as being two continuous years in succession), the Board will consider strategically whether the MSC's capacity to generate royalty revenue remains appropriate and in line with its current and predicted expenditure requirements, or whether the success of the MSC licensing program has resulted in royalty income being generated at rates in excess of the organisation's ability to spend it over the longer term.

Alongside any such strategic consideration, within a financial year that any breach in the maximum reserves ceiling is identified, the Board will give consideration to investing all the surplus free reserves, or an appropriate proportion, in the following areas:

- a) Ocean Stewardship Fund: Transition Assistance strand – with the objective of enabling prospect fishery partners to overcome generic obstacles to achieve certification.
- b) Ocean Stewardship Fund: Science & Research strand with the objective of commissioning additional scientific research that would benefit multiple fisheries which could enable existing certified fisheries to maintain their certifications.
- c) Marketing – magnifying the impact of already planned marketing activities.
- d) Any capital project which the Board deems appropriate for the furtherance of the MSC's mission and charitable objects.

This reserves policy was adopted by the Board of Trustees in June 2019 and its appropriateness is continually monitored.

The MSC ended the year with unrestricted reserves of £36.3 million (see note 20). Once intangible assets and tangible fixed assets of £5.1 million (see notes 10 and 11), free reserves amounted to £31.2 million (2020/21 £29.7 million). This equates to 12.3 months of the Board approved unrestricted expenditure budget for 2022/23 (£30.4 million), up from 11.5 months reported for the previous year.

INVESTMENT POLICY

The general objective of holding investments is so the MSC's reserves generate a return that would be greater than the return that could be obtained if the reserves were held as interest bearing cash deposits.

Fixed asset investments are held in investment funds managed by Northern Trust and UBS. The intention is for these investments to be held long term, within a balanced and diversified portfolio, and that the MSC will not need to liquidate the investment in the foreseeable future. Both investment managers have delegated authority to make investment decisions, within a framework of pre-defined portfolio parameters, in response to market movements.

The Northern Trust portfolio covers equities, fixed income securities, real estate, and commodities. The equity element (the majority of the investment) is invested in Socially Responsible Investment (SRI) funds. The SRI funds mirror Morgan Stanley Capital International Ethical, Social and Governance indexes (namely the MSCI World ESG index and the MSCI US IMI index) to guide investment opportunities in equities screened for ESG criteria.

The investment fund managed by UBS consists of a mix of fixed income securities and equities, weighted towards equities. UBS use third party rating providers MSCI Research, Inrate or Oekom to allocate to each holding an ESG score and to provide MSC with a portfolio with an overall sustainability profile.

Current asset investments are all held as cash deposits.

PLANS FOR FUTURE PERIODS

The MSC has successfully finished the final year of its current Integrated Strategic Plan (ISP) and has now turned towards developing a new ISP to guide the organisation from 2022 for the next five years.

This next iteration of the ISP will address organisational issues related to MSC's growth and evolution as a fully global institution, so that we can continue to support fisheries, supply chains and markets that are engaged in the MSC program. A major feature of our development over the coming years will thus be the use of digital technologies across all parts of the organisation. We expect that this will include several related strands, including developing new systems around digital traceability of certified seafood through the supply, upgrading of our auditing and assessment systems, as well as a review of our current chain of custody (CoC).

Increasingly as well, the MSC is looking at how our own Ocean Stewardship Fund (OSF) can act as a vehicle to support fisheries in their pathway to sustainability. We are accelerating progress and increasing the number of sustainable fisheries worldwide by funding innovative research and supporting fisheries at all stages on the path to sustainability. Over £2.1 million has been dedicated to 64 fisheries and projects around the world through the OSF. In 2021/22, £700,000 was awarded to projects including satellite tagging stingrays, translocating sea urchins and developing deep-sea cameras. At least half of the grants will support fisheries in developing economies, such as Indonesia, Mexico and India, that are transitioning to sustainable practices.

In part to fund this, the MSC has committed 5% of annual royalties from MSC certified product sales to the Ocean Stewardship Fund. In 2021/22, we have expanded the fund by combining the MSC's own contributions with external funding from third-party donors. In 2021/22, we were successful in efforts to raise money for the OSF from third-party donors, including from the Mava Foundation and Walton Family Foundation, and mobilised over £2.3 million (or US\$3.2 million) from both sources.

MSC is also moving to understand the impact of climate change on certified fisheries and sustainable fishing in general and will work to develop new tools and approaches to mitigate the impact of climate change on certified fisheries and the communities that depend on these fisheries. Conversely, the MSC will also seek to understand the potential benefits of moving to certification and sustainable fishing around reducing fishing's carbon footprint.

REFERENCE AND ADMINISTRATION

Trustees and Directors of the Marine Stewardship Council (MSC):

Dr Werner Kiene	Chair	Appointed October 12
Mr Kristjan Th. Davidsson	Treasurer and Finance Committee Chair	Appointed July 21
Mr Giles Bolton		Appointed January 19
Ms Maria Damanaki		Appointed July 19
Mr Stuart Green		Appointed June 20
Mr Jim Leape		Appointed December 15
Mr David Lock	Audit & Risk Committee Chair	Appointed November 18
Ms Amanda Nickson	Stakeholder Advisory Council Co-Chair	Appointed January 19
Dr Kevin Stokes		Appointed July 20
Mr Paul Uys	MSCI Board Chair	Appointed August 15
Dr Christopher Zimmermann	Technical Advisory Board Chair	Appointed January 21
Ms Stefanie Moreland	Stakeholder Advisory Council Co-Chair	Resigned May 22
Mr Eric Barratt		Resigned July 21

The Trustees of the MSC are the charity's Trustees under charity law and are the directors of the charitable company.

Principal Office & Registered Office: Marine House, 1 - 3 Snow Hill, London, EC1A 2DH

Principal Officers – the Executive Committee

Mr Rupert Howes	Chief Executive Officer
Dr Alene Wilton	Chief Operating Officer
Dr Rohan Currey	Chief Science & Standards Officer
Mr Nicolas Guichoux	Chief Program Officer
Ms Ishbel Matheson	Chief Communications Officer

Advisers

Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

Bankers: HSBC Plc, 165 Fleet Street, London, EC4A 2DY

Solicitors: DAC Beachcroft LLP, 100 Fetter Lane, London, EC4A 1BN
Bird & Bird LLP, 12 New Fetter Lane, London, EC4A 1JP

Investment managers:

Northern Trust Company, 50 South Lasalle Street, Chicago, IL 60680, USA
UBS, 1 Finsbury Avenue, London, EC2M 2AN

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report, the Strategic Report, and the financial statements in accordance with applicable laws and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

S 418 CONFIRMATION

Each of the Trustees at the date of approval of this report confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 under Companies Act 2006.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 26 July 2022 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



Dr Werner Kiene
Chairman of the Board of Trustees

Date 26 July 2022

Independent Auditor's Report to the Members of Marine Stewardship Council

Opinion

We have audited the financial statements of Marine Stewardship Council ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, Charity Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the groups and the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit

procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation, employment legislation and taxation legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition and classification of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and revenue, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.



Julia Poulter

Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 15th August 2022

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	UNRESTRICTED FUNDS				UNRESTRICTED FUNDS			
		General	Designated	Restricted Funds	Total Funds	General	Designated	Restricted Funds	Total Funds
		£'000	£'000	£'000	2022 £'000	£'000	£'000	£'000	2021 £'000
Income									
Donations and legacies	2	468	6	1,932	2,406	1,136	0	2,321	3,457
Income from charitable activities		26,132	0	0	26,132	25,619	0	0	25,619
Income from investments	3	744	0	0	744	416	0	0	416
Other trading activities		507	0	0	507	604	0	0	604
Total Income		27,851	6	1,932	29,789	27,775	0	2,321	30,096
Expenditure									
Expenditure on raising funds	4	621	0	0	621	604	0	0	604
Expenditure on charitable activities	5	25,023	751	2,274	28,048	23,672	740	2,223	26,635
Total Expenditure		25,644	751	2,274	28,669	24,276	740	2,223	27,239
Net income before transfers and other gains and losses		2,207	(745)	(342)	1,120	3,499	(740)	98	2,857
Gain / (Loss) on revaluation of fixed asset investments		947	0	0	947	3,214	0	0	3,214
Net income before transfers		3,154	(745)	(342)	2,067	6,713	(740)	98	6,071
Gain / (Loss) on revaluation of foreign assets		(149)	0	0	(149)	(127)	0	0	(127)
Transfers between funds		(1,268)	1,126	142	0	(1,080)	1,076	4	0
Net movement in funds		1,737	381	(200)	1,918	5,506	336	102	5944
Funds at 31st March 2021 (31st March 2020)		34,594	1,625	2,579	38,798	29,088	1,289	2,477	32,854
Funds at 31st March 2022 (31st March 2021)		36,331	2,006	2,379	40,716	34,594	1,625	2,579	38,798

There were no recognised gains or losses other than those included in the Statement of Financial Activities.
All Income and Expenditure derive from continuing activity.

**CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	UNRESTRICTED FUNDS				UNRESTRICTED FUNDS			
		Unrestrict- ed Funds	Designated Funds	Restricted Funds	Total Funds 2022	Unrestrict- ed Funds	Designate d Funds	Restricted Funds	Total Funds 2021
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income									
Donations and legacies		430	6	1,932	2,368	818	0	2,313	3,131
Income from charitable activities		20,595		0	20,595	20,107	0	0	20,107
Income from investments		744	0	0	744	415	0	0	415
Other trading activities		6	0	0	6	7	0	0	7
Total Income		21,775	6	1,932	23,713	21,347	0	2,313	23,660
Expenditure									
Expenditure on raising funds		621	0	0	621	604	0	0	604
Expenditure on charitable activities		19,457	750	1,806	22,013	17,726	740	1,619	20,085
Total Expenditure		20,078	750	1,806	22,634	18,330	740	1,619	20,689
Net income before transfers and other gains and losses		1,697	(744)	126	1,079	3,017	(740)	694	2,971
Gain / (Loss) on revaluation of fixed asset investments		947	0	0	947	3,214	0	0	3,214
Net income before transfers		2,644	(744)	126	2,026	6,231	(740)	694	6,185
Transfers between funds		(1,243)	1,126	117	0	(1,080)	1,076	4	0
Net movement in funds		1,401	382	243	2,026	5,151	336	698	6,185
Funds at 31st March 2021 (31st March 2020)		32,484	1,624	4,462	38,570	27,333	1,288	3,764	32,385
Funds at 31st March 2022 (31st March 2021)		33,885	2,006	4,705	40,596	32,484	1,624	4,462	38,570

There were no recognised gains or losses other than those included in the Statement of Financial Activities.
All Income and Expenditure derive from continuing activity.

CONSOLIDATED AND CHARITY BALANCE SHEET
as at 31 March 2022

	Note	Group 2022 £'000	Group 2022 £'000	Group 2021 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Fixed Assets							
Intangible	10	1,564		1,255		1,563	1,253
Tangible assets	11	3,516		3,600		3,494	3,581
Investments	12	19,222		17,628		19,368	17,772
			24,302		22,483	24,425	22,606
Current Assets							
Investments	13	3,544		2,975		3,421	2,859
Debtors	14	10,866		10,981		12,535	13,287
Cash at bank and in hand		6,854		6,032		2,791	2,174
		21,264		19,988		18,747	18,320
Creditors: Amounts falling due within one year	15	(4,650)		(3,545)		(2,388)	(2,246)
Net current assets			16,614		16,443	16,359	16,074
Creditors: Amounts falling due after more than one year	16	(200)	(200)		(128)	(188)	(110)
Total assets less total liabilities			40,716		38,798	40,596	38,570
Funds							
Unrestricted funds - General Funds			36,331		34,594	33,885	32,484
Unrestricted funds - Designated Funds			2,006		1,625	2,006	1,624
Restricted funds			2,379		2,579	4,705	4,462
Total Funds			40,716		38,798	40,596	38,570

The financial statements on pages 20 to 38 were approved and authorised for issue by the Trustees on 26 July 2022 and signed on their behalf by:



Dr Werner Kiene
Company Registration Number 3322023

Chairman of the Board of Trustees

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE GROUP
FOR THE YEAR ENDED 31 MARCH 2022**

	2022	2021
	£'000	£'000
Statement of cash flows		
Cash flows from operating activities:		
<i>Net cash provided by (used in) operating activities</i>	1,720	3,245
Cash flows from investing activities:		
Dividends, interest and rents from investments	744	416
Proceeds from the sales of property, plant and equipment	0	0
Purchase of property, plant and equipment	(1,413)	(1,165)
Proceeds from sale of investments	6,315	5,605
Purchase of investments	(5,975)	(5,941)
<i>Net cash provided by (used in) investing activities</i>	(329)	(1,085)
Cash flows from financing activities:		
repayments of borrowings	0	0
<i>Net cash provided by (used in) financing activities</i>	0	0
 <i>Change in cash and cash equivalents in the reporting period</i>	 1,391	 2,160
<i>Cash and cash equivalents at the beginning of the reporting period</i>	<i>9,007</i>	<i>6,847</i>
<i>Cash and cash equivalents at the end of the reporting period</i>	10,398	9,007
 Reconciliation of net income / (expenditure) to net cash flow from operating activities		
	2022	2021
	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	1,918	5,944
Adjustments for:		
Amortisation and depreciation charges	1,183	822
FX on Foreign Assets	(382)	610
Net unrealised loss (gain) and other movements on investment	(1,552)	(3,812)
Dividends, interest and rents from investments	(744)	(416)
(Profit) / Loss on the sale of fixed assets	5	46
(increase) / decrease in debtors	115	81
Increase / (decrease) in creditors	1,177	(30)
Net cash provided by (used in) operating activities	1,720	3,245
 Analysis of cash and cash equivalents		
	2022	2021
	£'000	£'000
Cash in hand	6,854	6,032
Notice deposits (less than 3 months)	3,544	2,975
Total cash and cash equivalents	10,398	9,007

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

1. *Accounting policies*

Marine Stewardship Council is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 17th December 1997 (company number 3322023) and registered as a charity on 10th December 1997 (charity number 1066806).

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association (amended July 2014).

In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

The registered office is Marine House, 1-3 Snow Hill, London, EC1A 2DH.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Charity's financial statements.

Basis of accounting: The consolidated financial statements have been prepared under the historical cost convention, except that fixed asset investments are stated at market value, and in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1st January 2015.

These financial statements consolidate the results of the charity and its five wholly owned subsidiaries, Marine Stewardship Council International Limited (which is incorporated in the UK), Marine Stewardship Council Limited (which is incorporated in the United States), Marine Stewardship Council Asia Pacific Pty Limited (which is incorporated in Australia), Marine Stewardship Council Asia Ltd (which is incorporated in Singapore), and Ippan Shadan Hojin MSC Japan (which is incorporated in Japan) on a line by line basis.

MSCI also has a Chinese registered subsidiary, An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co (known as MSC China), the activities of which help fulfil MSC's charitable mission in China.

The functional currency of the Charity and its subsidiaries is GBP because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in GBP.

MSC's overseas subsidiaries are converted into GBP and consolidated into the group accounts using the year end exchange rate, with the foreign exchange gain or loss arising reported as gains or losses arising upon revaluation of foreign assets in the SOFA. Fixed assets held in the overseas subsidiaries are immaterial.

Going Concern: The Trustees approve the annual budgets and periodic forecasts to ensure there is sufficient working capital to meet the charity's obligations over the subsequent 12 months. The charity meets its ordinary working capital requirements through its existing cash balances. The Covid-19 impact has not had a material impact on the charity's financial operations. Having regard to the above, the current cash position and the expected cashflow over the following 12 months the Trustees believe it appropriate to adopt a going concern basis of accounting in preparing the financial statements.

After reviewing the group's forecast and projections, the Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. This view is supported by the level of free reserves held at the year-end (equivalent to 12 months expenditure). The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty: In the application of the accounting policies directors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historic experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The critical estimate involves accruing for royalty income, with around 2% to 10% of the total royalty accrued each year being based upon historic trends only, rather than information received post Year End from the license holder relating to actual labelled sales for the period of the accrual. This arises because turnover declaration returns of labelled product sales are submitted by license holders in arrears. As a result, labelled product sales data covering reporting periods ending 31st March are received after the financial year end. At the point the accounts are drafted, not all license holders may have reported their labelled sales data (even though the license agreement obligates them to submit their turnover declaration by one month after the end of the reporting period in question). For these license holders, the level of labelled sales (and hence royalty income to be accrued) are estimated based on historic trends.

Judgements are also made for bad debts provisions, based upon reviewing debts older than 90 days at the year end, and for certain contracts of service, whereby the fee to be received by MSC for services delivered continue to be subject to negotiation after the year end.

Fixed Assets:

Intangible fixed assets

Intangible fixed assets represent software costs capitalised in accordance with FRS102. These are stated at historic cost and amortised on a straight-line basis over the period which revenue is expected to be generated (typically 4 years). Items costing less than £500 are expensed in the year of purchase.

Tangible fixed assets

Tangible fixed assets are recorded at cost or, in cases where tangible fixed assets have been donated to Marine Stewardship Council, at valuation at the time of acquisition. Tangible fixed assets are capitalised in the balance sheet at cost, except for items costing less than £2500 which are expensed in the year of purchase.

Depreciation: Depreciation for UK entities has been provided at the following rates in order to write down cost or valuation, less estimated residual value, of all tangible assets by equal annual instalments over their expected useful lives.

Furniture, Fittings & IT equipment	25%
Refurbishment costs of Snow Hill	over 7 years
London Virtual Freehold Property	Building cost over 99 years

Incoming resources: Grants and donations are recognised as income when it is clear MSC has entitlement to the income, that the donation is reasonably certain to occur and that the value of the donation can be measured. Logo license royalty income is accounted for in the period in which the labelled products were sold by our trading partners. Similarly, fixed fee income, such as the North American Subscription Programme, is recognised as income for the contracted period, requiring a deferral of income if the fixed fee for a financial year is raised in advance. Service fees, such as Peer Review College fees or ASCI fees, is accounted for in the period the services were delivered. Donated services and facilities are included at the value to the charity where this can be quantified. No amounts are included in the financial statements for the services donated by volunteers.

Expenditure: Resources expended are included in the Statement of Financial Activities on an accrual basis, inclusive of VAT which cannot be recovered. Since 1st February 2009, the Charity has been registered within a VAT group consisting of itself and its UK based trading subsidiary, Marine Stewardship Council International. From 1st February 2009, therefore, input tax can be partially recovered based upon a business: non-business model.

Expenditure on raising funds comprise expenditure incurred in encouraging others to make contributions to the charity and include staff costs directly attributable to that activity. Expenditure on charitable activities comprise direct expenses incurred on the defined charitable purpose of the charity, and include staff costs directly attributable to the charitable activities. Where costs could not be directly attributed to any particular function or activity (i.e., costs classified in MSC's ledger as relating to senior staff and office, IT, HR, finance, premises support type costs), they have been allocated by applying bases consistent with the use of the resource. Senior staff costs are apportioned to charitable activities in relation to an estimate of time that that senior member will focus on a specific charitable activity. Head Quarter support costs are allocated to charitable activities in proportion to the staff costs sitting in that charitable activity. Local office support costs are allocated based on an estimation of charitable activity focus of that local office (that is, across servicing and outreach and education and awareness only).

In Kind income and expenditure: Where in kind supplies are received MSC will value the income and corresponding expenditure based on the value of the gift as identified either by the donor or, if appropriate, by the assumptions set out in any contract underpinning the commercial relationship between the donor and MSC.

Cash and bank and current asset investments: Cash balances held in interest bearing deposit accounts (business reserve accounts or time deposits) are classified as current asset investments in the balance sheet. All other cash balances held at bank or in hand are classified as cash at bank or in hand in the balance sheet.

Investment income: Investment income is recognised in the accounts when it is receivable and is allocated to the appropriate fund.

Investments: The charity has four wholly owned subsidiary undertakings.

- Marine Stewardship Council International Limited is a trading subsidiary and receives royalties from logo licensing fees as well as income from the sale of merchandise.
- Marine Stewardship Council Limited is a subsidiary incorporated in the United States and promotes the aims of the parent there.
- Marine Stewardship Council Asia Pacific Pty Ltd is a subsidiary incorporated in Australia and promotes the aims of the parent there and in South East Asia generally.
- Marine Stewardship Council Asia is a subsidiary incorporated in Singapore and promotes the aims of the parent there and in Asia generally.

Marine Stewardship Council International has a wholly owned subsidiary, An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co (known as MSC China), which received its business license 2 February 2016. In 2020, MSC established a non-profit General incorporated association (GIA), Ippan Shadan Hojin MSC Japan, to support its charitable mission in Japan.

Investments in the subsidiaries are stated at cost.

Fixed asset investments are held in a portfolio covering equities, fixed income securities, real estate, and commodities, which is managed by Northern Trust, and a second fund, managed by UBS, focused upon fixed income securities. The equity element of the Northern Trust fund is invested in Socially Responsible Investment (SRI) funds. The SRI funds mirror Morgan Stanley Capital International Ethical, Social and Governance indexes (namely the MSCI World ESG index and the MSCI US IMI index) to guide investment opportunities in equities screened for ESG criteria. The UBS fund focuses on lower risk investments consisting of gilts and corporate paper. Fixed asset investments are reported in the financial statements at their market value on the balance sheet date, including the effect of any unrealised gains and losses as of that date.

Foreign exchange: Assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences are included in the statement of financial activities. Transactions during the year are recorded at the prevailing rates.

Financial assets and liabilities: Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities are initially measured at transaction price (including transaction cost) and are subsequently re-measured where applicable at amortised cost except for forward rate currency contracts which are subsequently measured at fair value with gains and losses recognised in the Statement of Financial Activities. Assets and liabilities held in a foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

The Group enters into forward rate currency contracts to manage its exposure to fluctuations in exchange rates throughout the year. These contracts are recognised at fair value with gains or losses recognised in the Profit and Loss account.

Pension costs: In the UK, the charity operates a defined contribution group personal pension scheme for the benefit of any employees wishing to join. Defined contribution schemes also operate for overseas based employees in other, non-UK, jurisdictions in line with local legislation. The contributions payable under the schemes are charged in the income & expenditure account, and the assets are managed by an independent organisation.

Taxation: Marine Stewardship Council is a registered charity, and therefore is not liable for income tax or corporation tax on income derived from its charitable activities since it falls within the various exemptions available to registered charities.

Operating lease assets: Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Fund accounting: The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors. The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

2 Donations & legacies	2022	2021
	£'000	£'000
Grants from other charitable bodies	2,170	3,018
Grants from government organisations	0	289
Donations from companies	232	145
Other donations	4	5
	2,406	3,457

3 Investment income	2022	2021
	£'000	£'000
Bank and investment funds interest and dividends receivable	744	416

4 Expenditure on raising funds	2022	2021
	£'000	£'000
General fundraising activities:		
salaries	343	371
other running costs	18	0
investment managers fees	96	82
support	164	151
	621	604

5 Expenditure on charitable activities	Activities undertaken directly	Support costs	Governance costs	2022	Activities undertaken directly	Support costs	Governance costs	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Policy & maintenance of standards	4,041	1,418	211	5,670	3,875	1,254	174	5,303
Education & awareness	8,362	1,704	211	10,277	8,197	1,561	174	9,932
Servicing & outreach to fisheries and commercial sector	7,049	2,449	211	9,709	6,418	2,101	174	8,693
Logo licensing costs	1,157	414	70	1,641	1,540	363	58	1,961
Ocean Stewardship Fund	751	0	0	751	746	0	0	746
	21,359	5,985	704	28,048	20,776	5,280	579	26,635

6 Support cost breakdown by activity

	Raising Funds	Policy & standards	Education & awareness	Servicing & outreach	Logo licensing	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Office services	38	333	400	575	97	1,445	1,336
IT services	89	771	926	1,331	225	3,342	2,417
Finance services	2	20	25	35	6	89	427
Human Resources	24	204	245	353	60	885	802
Premises	10	90	108	155	26	388	450
	164	1,418	1,704	2,449	414	6,149	5,431

Support costs have been allocated to activities in line with total expenditure within each office function, this is a reasonable approximation of the resource usage within each activity).

7 Net income / expenditure

	2022	2021
	£'000	£'000
The group's net income / expenditure is stated after or charging:		
Fees payable to the parent charity's auditors for the audit of the charity's annual accounts	32	27
Fees payable to the parent charity's auditors for the audit of the charity's subsidiaries	10	9
Total fees payable to the parent charity's auditors for auditing services	42	36
Fees payable to the parent charity's auditors for tax services	2	2
Operating lease charges - land and building	484	505
Operating lease charges - office equipment	6	7
(Profit) / Loss on fixed asset disposal	0	46
Depreciation	1,183	822

8 Trustee / directors and employees

Staff costs, including directors' remuneration, were as follows:	2022	2021
	£'000	£'000
Wages and salaries	12,210	12,098
Social security costs	1,669	1,486
Pension	1,154	1,015
	15,033	14,599

The number of staff employed by the charity during the year was as follows:	2022	2021
	number	number
Number of staff during the year	251	277
Full Time Equivalent (FTE) during the year	240	240

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	2022	2021
£60,000 - £69,999	20	17
£70,000 - £79,999	16	16
£80,000 - £89,999	3	2
£90,000 - £99,999	5	3
£100,000 - £109,999	5	4
£110,000 - £119,999	1	2
£120,000 - £129,999	1	2
£130,000 - £139,999	1	1
£150,000 - £159,999	0	1
£210,000 - £219,999	0	0
£240,000 - £249,999	1	0
£250,000 - £259,999	0	1

Key management personnel are defined as those who are designated as members of the MSC Executive Committee. Salary, pension contributions and other benefits received during 2021/22 by the five Executive Committee members amounted to £921,338 (2020/21: £961,275).

The banding for the highest paid employee shown above includes employers pension contribution paid as salary. This treatment was adopted as mitigation to the tapering of the annual pension contribution allowance. The emoluments reported in all other bands exclude employers pension contribution.

MSC paid pension contributions and other benefits on behalf of staff totalling £1,154,244 (2020/21: £1,014,819). For the 53 members of staff whose emoluments were greater than £60,000 the MSC paid pension contributions and other benefits totalling £459,548 (2020/21: £417,116).

9 Trustees' remuneration and expenses

The chair of the charitable company, Dr Werner Kiene, who is also a Trustee under Charity law, received or was entitled to receive emoluments of USD 48,000 during the year for professional services rendered (2020/21: USD 46,000). These payments were made in line with criteria laid down in the Memorandum and Articles of Association of the company and were approved by the full Board. The Charity has met travel and subsistence expenses incurred by the fourteen Trustees in the Charity's business totalling £6,666 (2020/21: £10,958).

The Charity has also paid for the indemnity insurance cost for the trustees (who are also directors) and its key employees with regard to their actions on behalf of the charity.

10 Intangible assets

	Group Trademark £'000	Group Software and database £'000	Group Total £'000	Charity £'000
Cost				
At 1st April 2021	0	3,933	3,933	3,548
Additions	0	1,398	1,398	1,398
Disposals / write offs	0		0	0
At 31 March 2022	0	5,331	5,331	4,946
Depreciation				
At 1st April 2021	0	2,678	2,678	2,295
Charge for the year	0	1,089	1,089	1,088
Disposals / write offs	0		0	0
At 31 March 2022	0	3,767	3,767	3,383
Net book value				
At 31 March 2022	0	1,564	1,564	1,563
At 31 March 2021	0	1,255	1,255	1,253

Trademark intangible asset represents the £1 purchase cost to buy the MSC logo trademark from Marine Stewardship Council International.

The amortisation charge of intangible assets has been allocated equally across Policy and maintenance of standards, Education and awareness, Servicing and outreach to fisheries and commercial sector, and Logo licensing costs.

£496,000 of the £1,564,000 group software and database net book value relates to assets under construction. £464,000 relates to the capitalised development costs of the Supply Chain Audit Platform, due to go live in the autumn of 2022 and a further £32,000 relates to the capitalised development costs of the Enhanced Traceability Project, currently at the proof of concept stage.

11 Tangible fixed assets

	Group Long Leasehold Property £'000	Group Furniture, fittings and IT equipment £'000	Right of Use Assets £'000	Group Total £'000	Charity £'000
Cost					
At 1st April 2021	3,700	1,180	0	4,880	4,703
Additions	0	15		15	0
Disposals / write offs	0	(64)		(64)	0
At 31 March 2022	3,700	1,131	0	4,831	4,703
Depreciation					
At 1st April 2021	373	908	0	1,281	1,122
Charge for the year	37	57	0	94	87
Disposals / write offs	0	(60)		(60)	0
At 31 March 2022	410	905	0	1,315	1,209
Net book value					
At 31 March 2022	3,290	226	0	3,516	3,494
At 31 March 2021	3,327	272	0	3,599	3,581

12a Investment in Group Companies

	Group Shares in Subsidiary £'000	Charity Shares in Subsidiary £'000
Cost		
At 1 April 2021	0	145
Additions	0	0
At 31 March 2022	0	145
Net book value		
At 31 March 2022	0	145
At 31 March 2021	0	145

The company's subsidiaries during the year were as follows:

Company Name	Ownership	Country of incorporation	Activity
Marine Stewardship Council International (CN 3486485)	MSC UK is the sole shareholder	UK	Commercial activities of Marine Stewardship Council (UK trading subsidiary)
Marine Stewardship Council Ltd (EIN 91-2018427)	MSC UK is the sole member	USA	Achieve the objectives of MSC (US charitable subsidiary)
Marine Stewardship Council Trust (ABN 69 517 984 605)	MSC UK is the sole member	Australia	Achieve the objectives of MSC (Australian charitable subsidiary)
Marine Stewardship Council Asia Ltd (CN 201215612M)	MSC UK is the sole member	Singapore	Achieve the objectives of MSC (Singaporean charitable subsidiary)
MSC Japan - GIA	MSC UK is the sole member	Japan	Achieve the objectives of MSC (Japan GIA subsidiary)
An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co (CN 9111015MA003GWGIC)	MSCI is the sole shareholder	China	Achieve the objectives of MSC (Chinese trading subsidiary of MSCI)

	MSCI Ltd	MSC Ltd	MSC Asia Pacific Pty Ltd	MSC Asia Ltd	An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co	MSC Japan
Income:						
Donations and legacies	0	38	0	2	0	2
Income from charitable activities	26,051	0	0	0	0	0
Income from investments	0	0	0	0	0	0
Other trading activities	500	0	0	0	0	0
Grants from UK Charity	0	3,374	1,112	117	796	656
Total income	26,551	3,412	1,112	119	796	658
Expenditure:						
Expenditure on charitable activities	13,139	3,472	1,074	151	811	547
Foreign exchange (gain)/loss	33	82	8	2	(8)	65
Total Expenditure	13,172	3,554	1,082	153	803	612
Net Income / (Expenditure)	13,379	(142)	30	(34)	(7)	46
Gift Aid to UK Charity	13,379	0	0	0	0	0
Funds at 1st April 2021	131	273	49	49	(135)	6
Funds at 1st April 2022	131	131	79	15	(142)	52
Fixed Assets & Intangible Fixed Assets	0	14	8	1	0	0
Investments in subsidiary	179	0	0	0	0	0
Debtors	9,801	13	9	1	11	43
Cash at bank and in hand	3,538	284	290	14	49	15
Total current assets	13,339	297	299	15	60	58
Creditors: Amounts falling due with one year	(13,321)	(180)	(228)	(1)	(24)	(6)
Net current assets (liabilities)	18	117	71	14	36	52
Long term liabilities	(66)	0	0	0	0	0
Total assets less total liabilities	131	131	79	15	36	52
Represented by:						
Share Capital	145	0	0	0	179	0
Unrestricted funds	(14)	131	79	15	(143)	52
Restricted funds	0	0	0	0	0	0
Total	131	131	79	15	36	52

12b Fixed Asset Investments

	2022		2021	
	£'000		£'000	
Balance at beginning of year		17,628		14,090
Addition of principal cash		0		0
Sale of investments	(6,315)		(5,605)	
Purchase of investments	5,975		5,941	
Cash generated by sale / (purchase) of investment	340		(336)	
Gain / loss on investment	564		3,826	
Dividend and interest income	744		404	
Investment managers fees	(96)		(82)	
Foreign exchange revaluation	382	1,594	(610)	3,538
		<u>19,222</u>		<u>17,628</u>

The historic cost of the investment made is £12,258,971.

Asset Classes of Fixed Asset investments are:

	2022		2021	
	£'000		£'000	
Equity Funds		14,345		12,770
Fixed Income Securities		2,962		4,245
Real Estate funds		156		134
Commodities		469		258
Money Market funds		1,290		221
		<u>19,222</u>		<u>17,628</u>

13 Current Asset Investments

These are comprised of cash deposits held for investment purposes

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Balance at beginning of year	2,975	3,014	2,859	2,971
Additions/(reductions)	569	-39	562	-112
Closing value at end of year	<u>3,544</u>	<u>2,975</u>	<u>3,421</u>	<u>2,859</u>

14 Debtors

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade Debtors	2,140	1,418	143	85
Other Debtors	270	356	198	319
Prepayments and accrued income	8,456	9,207	643	440
Amounts due from Subsidiary undertakings	0	0	11,552	12,443
	<u>10,866</u>	<u>10,981</u>	<u>12,536</u>	<u>13,287</u>

15 Creditors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Trade Creditors	1,671	1,542	1,030	1,079
Tax and social security creditor	376	328	163	168
Other creditors	1,186	563	297	224
Accruals and deferred income	1,417	1,112	897	775
	<u>4,650</u>	<u>3,545</u>	<u>2,387</u>	<u>2,246</u>

Movement on deferred income:	Group 2022 £'000	Charity 2022 £'000
Deferred income at 1 April 2021	0	0
Released to income in year	0	0
Income deferred in year	<u>386</u>	<u>0</u>
Deferred income at 31 March 2022	<u>386</u>	<u>0</u>

16 Creditors: amounts falling due after more than one year

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Recertification fund liability	11	18	0	0
Ocean Stewardship Fund	<u>189</u>	<u>110</u>	<u>188</u>	<u>110</u>
Total falling due after more than one year	<u>200</u>	<u>128</u>	<u>188</u>	<u>110</u>

The Recertification Fund is now closed and balances accrued into it are being drawn down as claims are made. The Recertification Fund mechanism has been replaced by the Recertification Assistance Fund, one of the strands of the Ocean Stewardship Fund (OSF). The OSF consists of the Recertification Assistance Fund, which supports the costs of recertification for fisheries that are at their second or subsequent recertification; the Transition Assistance Fund, which supports fisheries to make the necessary improvements to become certified; the Science and Research Fund, which supports research projects with an emphasis upon condition closure; the Innovation Fund, which supports strategically important research. The OSF is reported as designated funds on the face of the SOFA

Movement on recertification fund:	Group 2022 £'000	Charity 2022 £'000
Recertification fund 1 April 21	77	0
Disbursements in year	<u>(11)</u>	<u>0</u>
Recertification fund 31 March 22	<u>66</u>	<u>0</u>

£55,000 of the recertification fund balance is shown as other creditors falling due within one year

17a Funds - Group

		Balance 1st April 2021 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balance 31st March 2022 £'000
	Note						
D&L Packard Foundation	1	52	0	0	0	0	52
Dutch Postcode Lottery	2	0	0	(39)	0	39	0
MAVA, Fondation pour la Nature	3	40	0		0	0	40
Loan Guarantee, Walton, Resitcted	4	0	788	(37)	0	0	751
MAVA OSF Medit	5	0	300	(21)	0		279
MAVA OSF West Africa	6	0	306	(29)	0	0	277
D&L Packard Foundation	7	165	0	(165)	0	0	0
D&L Packard Foundation	8	108	1	(133)	0	24	0
Nephrop Research UK	9	0	30	(1)	0	33	62
Adessium Foundation, Carasso							
Foundation, Resource legacies Fund (Sustainable Fisheries Fund)	10	0	23	(65)	0	42	0
MAVA HellasFish	11	0	89	(89)	0	0	0
Levantis Hellasfish	12	52	25	(1)	0	0	76
Various funders	13	162	196	(133)	0	0	225
Cephs & Chefs	14	0	-2	(2)	0	4	0
Multiplier - Certifications & Ratings	15	8	28	(36)	0	0	0
Packard Foundation - East Asia Sea	16	215		(81)	0	0	134
Multiplier - Surimi	17	0	5	0	0	0	5
MAVA Medpath	18	91	55	(105)	0	0	41
WAFIC	19	0		0	0	0	0
MAVA, Fondation pour la Nature	20	0	88	(86)	0	0	2
WWF Sweden (SWIOCEPH)	21	0			0		0
Remmer Foundation	22	8	0	(8)	0	0	0
Walton Foundation	23	1,678		(1,243)	0	0	435
Total Restricted		2,579	1,932	(2,274)	0	142	2,379
Unrestricted:							
General purpose fund		34,594	27,851	(25,644)	798	(1,268)	36,331
Designated - OSF	24	1,625	6	(751)	0	1,126	2,006
Total Group Funds		38,798	29,789	(28,669)	798	0	40,716

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

Transfers between funds represent transfers of unrestricted funds into restricted funded activities as match funding contributions contributions. Transfers of unrestricted funds into designated funds relate to the Ocean Stewardship Fund (see below).

Notes:

1) Capacity building; 2) Dutch Post Code Lottery Fish For Good; 3) MAVA LEAD 2;

4) Benguela pathway project; 5) MAVA OSF Medit; 6) MAVA OSF West Africa

7) Data Limited Phase 2; 8) Japan Expansion 2019 - 2021; 9) Nephrop Research UK

10) Project Mediterranean; 11) MAVA, Fondation pour la Nature, Greece; 12) Levantis, Greece;

13) UK Project Inshore; 14) European Union, Chephs & Chefs; 15) Multiplier - Ratings Collaboration; 16) Packard East Asia Sea Project; 17) Multiplier - Surimi

18) MAVA MedPath; 19) Western Australian Fishing Industry Council; 20) MAVA West Africa; 21) WWF Sweden - SWIOCEPH

22) Remmer Foundation; 23) Walton support for the MSC programme 2019-22

24) Ocean Stewardship Fund (OSF). A designated fund with a 3 fold objective of supporting fisheries transitioning towards MSC, funding science and research projects that will benefit MSC's sustainability agenda and a recertification strand, helping to contribute to the audit cost of fisheries being certified for the third time (2nd recertification).

The timeline for fully spending the £1 million initial designation is likely to be between 3 and 4 years.

For prior year comparatives, see note 23

17b Movement on Designated Ocean Stewardship Fund

	Group 2022 TAF GBP 000	Group 2022 RAF GBP 000	Group 2022 SRF GBP 000	Group 2022 Innovation GBP 000	Group 2022 Seed Fund GBP 000	Group 2022 OSF Admin GBP 000	Group 2022 Total GBP 000
Ocean Stewardship Fund 31 March 21	368	503	0	0	601	153	1,625
Designations made in the year	464	464	116	0	0	116	1,160
Incoming resources	0	0	0	0	6	0	6
Transfers from Seed fund	0	0	167	36	(203)	0	0
Grant admin expenditure	0	0	0	0	0	(50)	(50)
Grants awarded during the year	(283)	(99)	(283)	(36)	(33)	0	(734)
Ocean Stewardship Fund 31 March 22	549	868	0	0	371	219	2,007
	Group 2021 TAF GBP 000	Group 2021 RAF GBP 000	Group 2021 SRF GBP 000	Group 2021 Innovation GBP 000	Group 2021 Seed Fund GBP 000	Group 2021 OSF Admin GBP 000	Group 2021 Total GBP 000
Ocean Stewardship Fund 31 March 20	80	320	0	0	797	92	1,289
Designations made in the year	431	431	107	0	0	107	1,076
Transfers from Seed fund	0	0	33	163	(196)	0	0
Grant admin expenditure	0	0	0	0	0	(46)	(46)
Grants awarded during the year	(143)	(248)	(140)	(163)	0	0	(694)
Ocean Stewardship Fund 31 March 21	368	503	0	0	601	153	1,625
	Charity 2022 TAF GBP 000	Charity 2022 RAF GBP 000	Charity 2022 SRF GBP 000	Charity 2022 Innovation GBP 000	Charity 2022 Seed Fund GBP 000	Charity 2022 OSF Admin GBP 000	Charity 2022 Total GBP 000
Ocean Stewardship Fund 31 March 21	368	503	0	0	601	153	1,625
Designations made in the year	464	464	116	0	0	116	1,160
Incoming resources	0	0	0	0	6	0	6
Transfers from Seed fund	0	0	167	36	(203)	0	0
Grant admin expenditure	0	0	0	0	0	(50)	(50)
Grants awarded during the year	(283)	(99)	(283)	(36)	(33)	0	(734)
Ocean Stewardship Fund 31 March 22	549	868	0	0	371	219	2,007
	Charity 2021 TAF GBP 000	Charity 2021 RAF GBP 000	Charity 2021 SRF GBP 000	Charity 2021 Innovation GBP 000	Charity 2021 Seed Fund GBP 000	Group 2021 OSF Admin GBP 000	Charity 2021 Total GBP 000
Ocean Stewardship Fund 31 March 20	80	320	0	0	797	92	1,289
Designations made in the year	431	431	107	0	0	107	1,076
Transfers from Seed fund	0	0	33	163	(196)	0	0
Grant admin expenditure	0	0	0	0	0	(46)	(46)
Grants awarded during the year	(143)	(248)	(140)	(163)	0	0	(694)
Ocean Stewardship Fund 31 March 21	368	503	0	0	601	153	1,625

TAF is the Transition Assistance Fund and is funded by 2% of the volume royalty income generated in the previous year.

RAF is the Recertification Assistance Fund and is funded by 2% of the volume royalty income generated in the previous year.

SRF is the Science and Research Fund and is funded by 0.5% of the volume royalty income generated in the previous year.

OSF Admin is the Administration Fund, to cover OSF administration costs, and is funded by 0.5% of the volume royalty income generated in the previous year.

Innovation is the innovation fund, and is funded by allocations for unrestricted or transfers from the seed funding pot.

Seed Fund is the balance remaining of the £1m initial allocation from unrestricted funds into the OSF.

18 Funds - Charity

		Balance			Gains and losses	Transfers	Balance
		1st April 2021	Income	Expenditure			31st March 2022
	Note	£'000	£'000	£'000	£'000	£'000	£'000
D&L Packard Foundation	1	52	0	0	0	0	52
Dutch Postcode Lottery	2	148	0	(37)	0	39	150
MAVA, PPAMP	3	1	88	(87)	0	0	2
Nephrop Research Proj UK	4	0	30	(1)	0	32	61
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	5	0	0	0	0	0	0
D&L Packard Foundation	6	165	0	(165)	0	0	0
D&L Packard Foundation	7	536	0	(1)	0	0	535
Multiplier - Surimi	8	0	6	0	0	0	6
Adessium Foundation, Carasso Foundation, Resource legacies Fund (Sustainable Fisheries Fund)	9	0	23	(65)	0	42	0
MAVA, Greece	10	0	89	(89)	0	0	0
Levantis Hellasfish	11	52	25	(2)	0	0	75
UK Project Stage 1	12	15	86	(51)	0	0	50
UK Project Stage 2	12	147	72	(47)	0	0	172
UK Project Stage 3	12	0	38	(34)	0	0	4
Cephs & Chefs	13	0	-2	(2)	0	4	0
Multiplier - Certifications & Ratings	14	8	28	(36)	0	0	0
Packard Foundation - East Asia Sea	15	215	0	(32)	0	0	183
Benguela - Pathways Project	16	0	0	(8)	0	0	(8)
MAVA Medpath	17	91	55	(104)	0	0	42
WAFIC	18	6	0	0	0	0	6
MAVA, LEAD 2	19	40	0	0	0	0	40
Walton - Loan Guarantee	20	0	788	(37)	0	0	751
Walton Foundation	21	2,096		(958)	0	0	1,138
D&L Packard Foundation	22	651	0	0	0	0	651
Entwicklungsgesellschaft (DEG)	23	61	0	0	0	0	61
Kingfisher	24	6	0	0	0	0	6
MIDATLANTIC	25	9	0	0	0	0	9
Walton Foundation	26	144	0	0	0	0	144
Walton Foundation	27	19	0	0	0	0	19
MAVA OSF Medit	28	0	301	(21)	0	0	280
MAVA OSF West Africa	29	0	305	(29)	0	0	276
Total Restricted		4,462	1,932	(1,806)	0	117	4,705
Unrestricted:							
General purpose fund		32,484	21,775	(20,078)	947	(1,243)	33,885
Designated - OSF	30	1,624	6	(750)		1,126	2,006
Total Group Funds		38,570	23,713	(22,634)	947	0	40,596

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

Transfers between funds represent transfers of unrestricted funds into restricted funded activities as match funding contributions. Transfers of unrestricted funds into designated funds relate to the Ocean Stewardship Fund (see below).

1) Capacity building; 2) Dutch Post Code Lottery Fish For Good; 3) MAVA PPAMP;
4) European Maritime & Fisheries Fund (EMFF); 5) Sustainable Octopus project;
6) Data Limited Phase 2; 7) Japan Expansion 2019 - 2021; 8) Support for MSC's programme in Sweden NESUFISH
9) Project Mediterranean; 10) MAVA, Fondation pour la Nature, Greece; 11) Levantis, Greece;
12) UK Project Inshore; 13) European Union, Chephs & Chefs; 14) Multiplier - Ratings Collaboration; 15) Packard East Asia Sea Project; 16) Benguela Pathways Project
17) MAVA MedPath; 18) Western Australian Fishing Industry Council; 19) MAVA Lead 2; 20) WWF Sweden - SWIOCEPH
21) Walton support for the MSC programme 2019-22; 22) Packard Japan Expansion Phase 1; 23) DEG DongShan; 24) KDE Kingfisher; 25) MidAtlantic
26) Walton support for the MSC programme 2016-19; 27) Walton Mexico; 28) Mava Medit OSF; 29) MAVA OSF West Africa
30) Ocean Stewardship Fund (OSF). A designated fund with a 3 fold objective of supporting fisheries transitioning towards MSC, funding science and research projects that will benefit MSC's sustainability agenda and a recertification strand, helping to contribute to the audit cost of fisheries being certified for the third time (2nd recertification).
The timeline for fully spending the £1 million initial designation is likely to be between 3 and 4 years.

For prior year comparatives, see note 24.

19 Financial Commitments

	Group	Group	Group	Group
	Land & Buildings	Other	Land & Buildings	Other
	2022	2022	2021	2021
Expiry Date	£'000	£'000	£'000	£'000
less than 1 year	345	0	212	0
Two to five years	655	7	2	4
Total	1,000	7	214	4

	Charity	Charity	Charity	Charity
	Land & Buildings	Other	Land & Buildings	Other
	2022	2022	2021	2021
Expiry Date	£'000	£'000	£'000	£'000
less than 1 year	0	0	106	0
Two to five years	0	0	0	0
Total	0	0	106	0

20 Analysis of net assets between funds

	2022	2022	2022	2022	2021	2021	2021	2021
	Unrestricted	Designated	Restricted	Total	Unrestricted	Designated	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March as represented by:								
Tangible fixed assets & investments	22,738	0	0	22,738	21,228	0	0	21,228
Intangible fixed assets	1,564	0	0	1,564	1,255	0	0	1,255
Net current assets	12,229	2,006	2,379	16,614	12,239	1,625	2,579	16,443
Long term liabilities	(200)	0	0	(200)	(128)	0	0	(128)
Total net assets	36,331	2,006	2,379	40,716	34,594	1,625	2,579	38,798

21 Related party transactions

The Marine Stewardship Council's related parties as defined by the Financial Reporting Standard 102, and the nature of the relationship, are summarised below:

Marine Stewardship Council International Limited (MSCI)

During the financial year MSC charged MSCI 15% of its office, premises and HR costs, 50% of its IT costs, and an allocation of salary of the MSC's Finance Director and Governance Secretary totalling £1,864,761 (2021: £1,345,936). Allocations of key management salaries totalled £163,569 (2021: £171,263). Gift aid payable for the year amounted to £13,379,005 (2021: £12,926,212) and the royalty payable by MSCI to MSC for the right to exploit MSC's ecolabel amounted to £7,137,544 (2021: £7,002,452). At 31st March 2022, MSCI owed £11,551,670 in total to the parent charity company. This amount includes the amount payable by MSCI to MSC as royalty for the right to exploit the Charities intellectual property (i.e. the MSC ecolabel) and the gift aid due to the Charity of MSCI's accounting surplus for the year.

The ultimate controlling party of the Charity is its members who are also the Directors and Trustees.

22 In-kind income and expenditure

Income from charitable activities includes £293k (20/21 £336k) of in-kind income related to marketing support, the cost of which is reported under education and awareness.

23 Funds - Group - Comparative for prior year

		Balance 1st April 2020 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	Balance 31st March 2021 £'000
	Note						
D&L Packard Foundation	1	52	0	0	0	0	52
Dutch Postcode Lottery	2	340	0	(340)	0	0	0
MAVA, Fondation pour la Nature	3	112	0	(72)	0	0	40
European Union	4	0	6	(6)	0	0	0
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	5	18	1	0	0	(19)	0
D&L Packard Foundation	6	1	0	(1)	0	0	0
D&L Packard Foundation	7	290	0	(125)	0	0	165
D&L Packard Foundation	8	408	0	(300)	0	0	108
Swedish Institute	9	3	(5)	0	0	2	0
Adessium Foundation, Carasso Foundation, Resource legacies Fund (Sustainable Fisheries Fund)	10	64	78	(142)	0	0	0
MAVA HellasFish	11	53	38	(91)	0	0	0
Levantis Hellasfish	12	52	0	0	0	0	52
Various funders	13	114	147	(99)	0	0	162
Cephs & Chefs	14	0	6	(8)	0	2	0
Multiplier - Certifications & Ratings	15	0	31	(23)	0	0	8
Packard Foundation - East Asia Sea	16	0	215	0	0	0	215
Iseal - Pathways Project	17	0	15	(15)	0	0	0
MAVA Medpath	18	0	91	0	0	0	91
WAFIC	19	0	0	0	0	0	0
MAVA, Fondation pour la Nature	20	64	8	(72)	0	0	0
WWF Sweden (SWIOCEPH)	21	0	4	(23)	0	19	0
Remmer Foundation	22	0	8	0	0	0	8
Walton Foundation	23	906	1,678	(906)	0	0	1,678
Total Restricted		2,477	2,321	(2,223)	0	4	2,579
Unrestricted:							
General purpose fund		29,088	27,775	(24,276)	3,087	(1,080)	34,594
Designated - OSF	24	1,289	0	(740)	0	1,076	1,625
Total Group Funds		32,854	30,096	(27,239)	3,087	0	38,798

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

Transfers between funds represent transfers of unrestricted funds into restricted funded activities as match funding contributions contributions. Transfers of unrestricted funds into designated funds relate to the Ocean Stewardship Fund (see below).

Notes:

1) Capacity building; 2) Dutch Post Code Lottery Fish For Good; 3) MAVA PPAMP;

4) European Maritime & Fisheries Fund (EMFF); 5) Sustainable Octopus project; 6) Packard Data Limited Phase 1

7) Data Limited Phase 2; 8) Japan Expansion 2019 - 2021; 9) Support for MSC's programme in Sweden NESUFISH

10) Project Mediterranean; 11) MAVA, Fondation pour la Nature, Greece; 12) Levantis, Greece;

13) UK Project Inshore; 14) European Union, Chephs & Chefs; 15) Multiplier - Ratings Collaboration; 16) Packard East Asia Sea Project; 17) ISEAL Pathways Project

18) MAVA MedPath; 19) Western Australian Fishing Industry Council; 20) MAVA Lead 2; 21) WWF Sweden - SWIOCEPH

22) Remmer Foundation; 23) Walton support for the MSC programme 2019-22

24) Ocean Stewardship Fund (OSF). A designated fund with a 3 fold objective of supporting fisheries transitioning towards MSC, funding science and research projects that will benefit MSC's sustainability agenda and a recertification strand, helping to contribute to the audit cost of fisheries being certified for the third time (2nd recertification).

The timeline for fully spending the £1 million initial designation is likely to be between 3 and 4 years.

24 Funds - Charity - Comparative for prior year

		Balance				Balance	
		1st April 2020	Income	Expenditure	Gains and losses	Transfers	31st March 2021
	Note	£'000	£'000	£'000	£'000	£'000	£'000
D&L Packard Foundation	1	52	0	0	0	0	52
Dutch Postcode Lottery	2	474	0	(326)	0	0	148
MAVA, Fondation pour la Nature	3	66	8	(73)	0	0	1
European Union	4	0	6	(6)	0	0	0
Deutsche Gesellschaft für Internationale Zusammenarbeit	5	19	0	0	0	(19)	0
D&L Packard Foundation	6	291	0	(126)	0	0	165
D&L Packard Foundation	7	552	0	(16)	0	0	536
Swedish Institute	8	2	(4)	0	0	2	0
Adessium Foundation, Carasso Foundation, Resource legacies Fund (Sustainable Fisheries Fund)	9	64	78	(142)	0	0	0
MAVA, Fondation pour la Nature	10	53	38	(91)	0	0	0
Levantis Hellasfish	11	52	0	0	0	0	52
Various funders	12	113	147	(99)	0	0	161
Cephs & Chefs	13	0	6	(8)	0	2	0
Multiplier - Certifications & Packard Foundation - East Asia Sea	14	0	31	(23)	0	0	8
Iseal - Pathways Project	15	0	215	0	0	0	215
Iseal - Pathways Project	16	0	15	(15)	0	0	0
MAVA Medpath	17	0	91	0	0	0	91
WAFIC	18	6	0	0	0	0	6
MAVA, Fondation pour la Nature	19	112	0	(72)	0	0	40
WWF Sweden (SWIOCEPH)	20	0	4	(23)	0	19	0
Walton Foundation	21	1,018	1,678	(599)	0	0	2,097
D&L Packard Foundation	22	651	0	0	0	0	651
Entwicklungsgesellschaft (DEG)	23	61	0	0	0	0	61
Kingfisher	24	6	0	0	0	0	6
MIDATLANTIC	25	9	0	0	0	0	9
Walton Foundation	26	144	0	0	0	0	144
Walton Foundation	27	19	0	0	0	0	19
Total Restricted		3,764	2,313	(1,619)	0	4	4,462
Unrestricted:							
General purpose fund		27,333	21,347	(18,330)	3,214	(1,080)	32,484
Designated - OSF	28	1,288	0	(740)	0	1,076	1,624
Total Group Funds		32,385	23,660	(20,689)	3,214	0	38,570
Unrestricted:							
General purpose fund		27,333	21,347	(18,330)	3,214	(1,080)	32,484
Designated - OSF	28	1,288	0	(740)	0	1,076	1,624
Total Group Funds		32,385	23,660	(20,689)	3,214	0	38,570

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

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6) Data Limited Phase 2; 7) Japan Expansion 2019 - 2021; 8) Support for MSC's programme in Sweden NESUFISH

9) Project Mediterranean; 10) MAVA, Fondation pour la Nature, Greece; 11) Levantis, Greece;

12) UK Project Inshore; 13) European Union, Chephs & Chefs; 14) Multiplier - Ratings Collaboration; 15) Packard East Asia Sea Project; 16) ISEAL Pathways Project

17) MAVA MedPath; 18) Western Australian Fishing Industry Council; 19) MAVA Lead 2; 20) WWF Sweden - SWIOCEPH

21) Walton support for the MSC programme 2019-22; 22) Packard Japan Expansion Phase 1; 23) DEG DongShan; 24) KDE Kingfisher; 25) MidAtlantic

26) Walton support for the MSC programme 2016-19; 27) Walton Mexico

28) Ocean Stewardship Fund (OSF). A designated fund with a 3 fold objective of supporting fisheries transitioning towards MSC, funding science and research projects that will benefit MSC's sustainability agenda and a recertification strand, helping to contribute to the audit cost of fisheries being certified for the third time (2nd recertification).

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